

Message Text

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TAGS: EFIN, SZ

SUBJECT: SWISS PRESS REACTION TO IMF MEETINGS IN JAMAICA

1. EDITORIAL COMMENT ON THE RESULTS OF THE JAMAICA MEETING HAS BEEN CAUTIOUSLY FAVORABLE. WHILE APPLAUDING THE LEGALIZATION OF THE PRESENT SYSTEM OF FLOATING EXCHANGE RATES, MANY PAPERS EXPRESSED DOUBTS ABOUT THE WISDOM OF INCREASING THE IMF'S ROLE IN PROVIDING ASSISTANCE TO THE DEVELOPING COUNTRIES.

2. THE FRENCH-LANGUAGE JOURNAL DE GENEVA SAID THE MONETARY ACCORD REACHED IN JAMAICA WAS AN IMPORTANT PSYCHOLOGICAL SUCCESS BUT MUST NOW BE SUPPORTED BY ADDITIONAL MEASURES TO FURTHER INTERNATIONAL COOPERATION. WITHOUT SUCH MEASURES THE WORLD WILL BE FACED WITH A RAPID SUCCESSION OF ECONOMIC CRISES. THE NEUE ZURCHER ZEITUNG (NZZ) SAID THE JAMAICA AGREEMENT CLEANS UP THE "DEBRIS FROM THE COLLAPSE OF THE BRETTON WOODS SYSTEM" AND PROTECTS THE BASIC PRINCIPLES OF THE IMF. TO ACHIEVE THIS AGREEMENT, HOWEVER, THE INDUSTRIAL COUNTRIES HAD TO MAKE FAR REACHING CONCESSIONS. IN THE NZZ'S VIEW,
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LIBERALIZATION OF THE COMPENSATORY FINANCING FACILITY

MAY PROVE TO BE A TWO-EDGED SWORD AND IT WILL NOT BE
EASY TO RETURN TO THE OLD TRANCHES.

3. THE MOST NEGATIVE OPINIONS WERE EXPRESSED IN
AN ARTICLE IN THE TRIBUNE DE GENEVA REPORTING REACTIONS
OF THE SWISS FINANCIAL COMMUNITY. ACCORDING TO THE
TRIBUNE, SWISS BANKERS ARE SKEPTICAL ABOUT THE
EFFECTIVENESS OF THE MONETARY REFORM ACHIEVED
AT JAMAICA WHICH THEY CHARACTERIZED AS A CONTINUATION
OF THE STATUS QUO. THEY REGRETTED THAT CONTROL OF
EXCHANGE RATE FLUCTUATION HAS BEEN LEFT TO EACH
INDIVIDUAL COUNTRY. THE BANKERS SEE NO SHORT-TERM
BENEFITS FOR SWITZERLAND AND FEAR AN INCREASE IN THE
SWISS FRANC'S VULNERABILITY IN THE LONGER RUN.
THESE UNNAMED BANKERS ALSO SAY THAT THE NEW MEASURES
TO ASSIST DEVELOPING COUNTRIES TRANSFORM THE IMF IN
A WAY CONTRARY TO THE IMF'S ORIGINAL PURPOSE;
CREATION OF A TRUST FUND FROM THE SALE OF GOLD WAS
A POLITICAL DECISION THAT SHOULD HAVE NOTHING TO
DO WITH REFORM OF THE INTERNATIONAL MONETARY SYSTEM.
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